

AN ORDINANCE 2007-09-20-0986

AMENDING THE TAX INCREMENT REINVESTMENT ZONE NUMBER NINE, CITY OF SAN ANTONIO, TEXAS FINAL PROJECT AND FINANCING PLANS, INTERLOCAL AND DEVELOPMENT AGREEMENTS.

* * * * *

WHEREAS, in accordance with the Tax Increment Financing Act, Texas Tax Code, Chapter 311, the City of San Antonio, Texas created Tax Increment Reinvestment Zone Number Nine, City of San Antonio, Texas, known as the Houston Street TIRZ, created a Board of Directors for the Zone and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, the Board continues to support the City in development activities for the Houston Street Revitalization Project and actively participates in the development of Zone projects; and

WHEREAS, as the TIRZ has performed better than originally projected, and the City's tax increment has been higher than anticipated, the Developer for the Houston Street TIRZ, Street Retail San Antonio, LP, has proposed that the Walgreens/Stuarts Building be added to the Project list for the TIRZ, and that the Project and Financing Plans be amended to permit the Developer to be reimbursed those eligible project costs that were not originally contemplated as financially feasible, based on the preliminary fiscal analysis when the TIRZ was designated; and

WHEREAS, the City desires to amend the Final Project and Financing Plans, interlocal agreements with Bexar County, the University Health System and the Alamo Community College District as approved by the Board on September 17, 2007; and

WHEREAS, pursuant to Section 311.011(e) of the Act, following action by the Board, the amendment to the Project Plan is effective when approved by the governing body of the municipality by a duly authorized ordinance and the legal agreements between the participating taxing entities and the Developer permit amendment following approval by all of the parties; and

WHEREAS, notice of the public hearing to consider these amendments was posted in the San Antonio Recorder on September 13, 2007, in accordance with the requirements of Section 311.011(e) of the Act; and

WHEREAS, it is officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS:

SECTION 1. The Final Project Plan, attached as Exhibit A, is approved as amended by the Board.

SECTION 2. The Final Financing Plan, attached as Exhibit B, is approved as amended by the Board to reflect the changes in the Final Project Plan.

SECTION 3. The Third Amended Development Agreement, attached as Exhibit C, is approved as amended by the Board and Developer, Street Retail San Antonio, L.P., to reflect the changes in the Final Project and Financing Plans.

SECTION 4. The Amended Interlocal Agreements with Bexar County, the University Health System and the Alamo Community College District, attached as Exhibits D1, D2 and D3, respectively, in substantially final form, are approved as amended by the Board, to reflect the changes to the Final Project and Financing Plans.

SECTION 5. The City Manager, or her designee, is authorized to execute the attached Third Amended Development Agreement and the Amended Interlocal Agreements with Bexar County, the University Health System and the Alamo Community College District, upon approval by the respective participating taxing entities. The City Clerk shall file a true and correct copy of each executed Agreement with this Ordinance.

SECTION 6. The City Council finds that the Amended Final Project and Final Financing Plans, amended Interlocal and Development Agreements for the Zone are feasible and in compliance with the City's Master Plan and the City's Guidelines and Criteria for the use of tax increment financing by encouraging economic and community revitalization and infrastructure improvements within certain areas of the City which would not have occurred without tax increment financing.

SECTION 7. Fund 29086014 entitled Special Revenue, TIRZ Houston St. is established to record the collection of revenue recorded in internal order 207000000242 and payments using cost center 0703280001 in accordance with the agreement.

SECTION 8. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance

SECTION 9. The statements set forth in the recitals of this Ordinance are true and correct, and are incorporated in their entirety as a part of this Ordinance.

SECTION 10. If any provision of this Ordinance or application of any provision of this Ordinance to any circumstance shall be held invalid, the remainder of this Ordinance and the application of this Ordinance to other circumstances shall nevertheless be valid, and this Ordinance would have been enacted without such invalid provision.

SECTION 11. This ordinance shall be effective immediately upon the receipt of eight (8) affirmative votes; or in the event eight (8) affirmative votes are not received, on the tenth day after passage.

PASSED AND APPROVED this 20th day of September 2007.


M A Y O R
for PHIL HARDBERGER

ATTEST: 
City Clerk

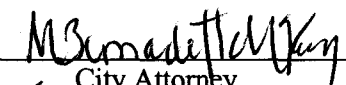
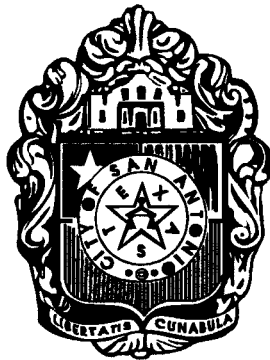
APPROVED AS TO FORM: 
City Attorney

EXHIBIT A

PROJECT PLAN

**TAX INCREMENT REINVESTMENT ZONE NUMBER 9
CITY OF SAN ANTONIO, TEXAS**



**Houston Street Redevelopment Project
Crockett Street Development Project
Historic Civic Center Linkage**

**Approved August 23, 2000
Amended on September 20, 2007**

**City of San Antonio, County of Bexar,
University Health System, Alamo Community College District**

PROJECT PLAN

TAX INCREMENT REINVESTMENT ZONE NUMBER 9

Section 1: Project Overview

Tax Increment Reinvestment Zone Number 9 (TIRZ) will provide the financing needed to develop public improvements associated with revitalization opportunities in the core of San Antonio's Central Business District (including the Houston Street Redevelopment Project, the Crockett Street Development Project, and the Historic Civic Center Linkage). This *Project Plan* describes, pursuant to Section 311.011 of the Texas Tax Code:

- (1) An overview of the TIRZ project,
- (2) Existing uses and conditions of real property in the TIRZ,
- (3) Proposed improvements and property uses in the TIRZ,
- (4) Proposed changes to municipal ordinances,
- (5) Estimated non-project costs, and
- (6) Relocation of persons to be displaced as a result of plan implementation.

This *Project Plan* has been developed in conjunction with the TIRZ *Financing Plan* that was approved by City Council on August 23, 2000 and amended on September 20, 2007. The TIRZ was designated by City Council on December 9, 1999, under Ordinance 90969 and amended on City Council on September 20, 2007 under Ordinance 2007-09-20-XXXX. It encompasses approximately 0.9832 square miles. The approximate boundaries stretch from Crockett and Market Streets on the south to Travis and Martin Streets on the north. The zone's westernmost boundary is Soledad Street, and its easternmost boundary is Alamo Street.

Houston Street Redevelopment

Although Houston Street was once San Antonio's preeminent retail street, over the past thirty years, many of the area's structures have experienced high levels of vacancy, neglect, and deterioration. The redevelopment of Houston Street has been a policy priority for the City of San Antonio. The 1996 *Downtown San Antonio Strategic Plan* called for the revitalization of Houston Street, so that it would become "a vibrant mix of activities that promote commercial, residential and other cultural development along Houston Street and in the surrounding area" (pp. 65).

Since 1998, Street Retail San Antonio, L.P. (a wholly owned affiliate of Federal Realty Investment Trust), has acquired thirteen properties along the Houston Street corridor, with the intent to develop mixed-use space (retail, restaurant, lodging, entertainment, office and residential development) in a public/private partnership. In order to leverage this investment and to revitalize the area, a number of associated public improvements

have been proposed. These public improvements are anticipated to be funded through a combination of grants and tax increment financing.

Crockett Street Development

The Crockett Street Development Project is a public/private partnership intended to revitalize three vacant historic buildings, to provide an accessible connection between the River Walk and Crockett Street, and to provide a subterranean connection between the buildings and the River Walk. The owners of these buildings have entered into a series of agreements with the City of San Antonio to facilitate the development. Although the buildings are outside the zone, the other improvements are within the zone. To provide access for persons with disabilities, an outdoor public elevator is needed to connect the River Walk to Crockett Street. This will be funded using tax increment financing. All other public and private improvements will be paid by the property owners.

Historic Civic Center Linkage

Main Plaza is viewed by many as the heart of San Antonio. It is bounded by the Bexar County Courthouse, San Fernando Cathedral, and Municipal Plaza Building. The Historic Civic Center Linkage has been proposed to provide an attractive pedestrian connection between Main Plaza and the River Walk. Most of the cost for this improvement will come from City General Obligation bonds, with the remainder of the cost funded through tax increment financing.

Section 2: Existing Uses and Conditions

The zone is in a developed area, San Antonio's Central Business District. Within the zone are retail, office, residential, cultural, governmental, religious, hospitality, park, and academic uses. A significant percentage of the structures within the zone are vacant and/or deteriorating. In addition, surface parking lots account for a significant percentage of the land area within the zone. Existing uses and conditions are shown in Figure 1.

Section 3: Proposed Improvements and Uses

Figure 2 describes the locations of proposed improvements and proposed changes in use within the TIRZ. Proposed TIRZ improvements include up-front capital projects and projects developed by Street Retail San Antonio which are subject to reimbursement. The financing structure for these improvements is detailed in the *TIRZ Financing Plan*. Capital improvements include the Presa Street Linkage, the Historic Civic Center Linkage, and the Crockett Street Improvements. Potential reimbursable improvements include the Houston Street Bridge Linkage, the Majestic Courtyard, Facade Preservation/Restoration, the redevelopment of the Walgreens Building, other Houston St. improvements, Soledad Streetscape improvements and additional related improvements. These public improvements will be made in conjunction with the private adaptive reuse of currently vacant buildings and the construction of new hotel and retail space.

Figure 1: Existing Uses and Conditions in TIRZ No. 9

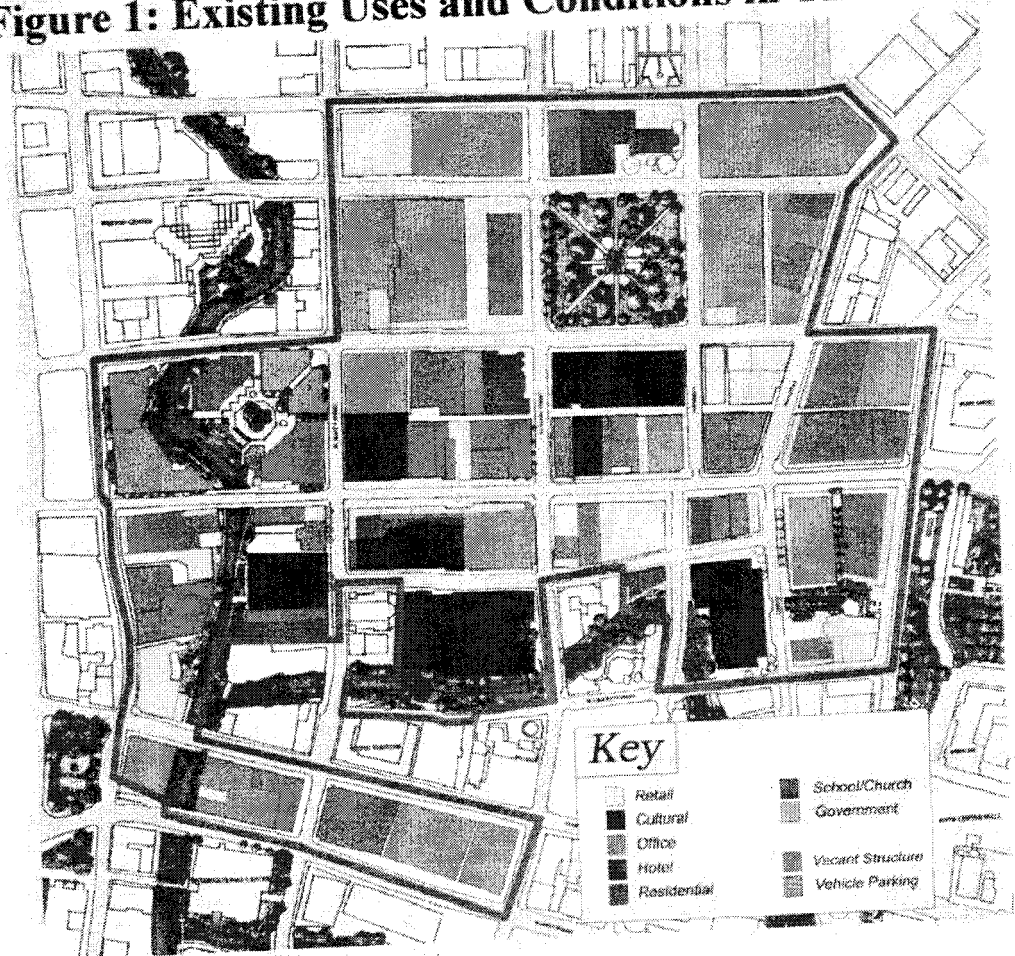
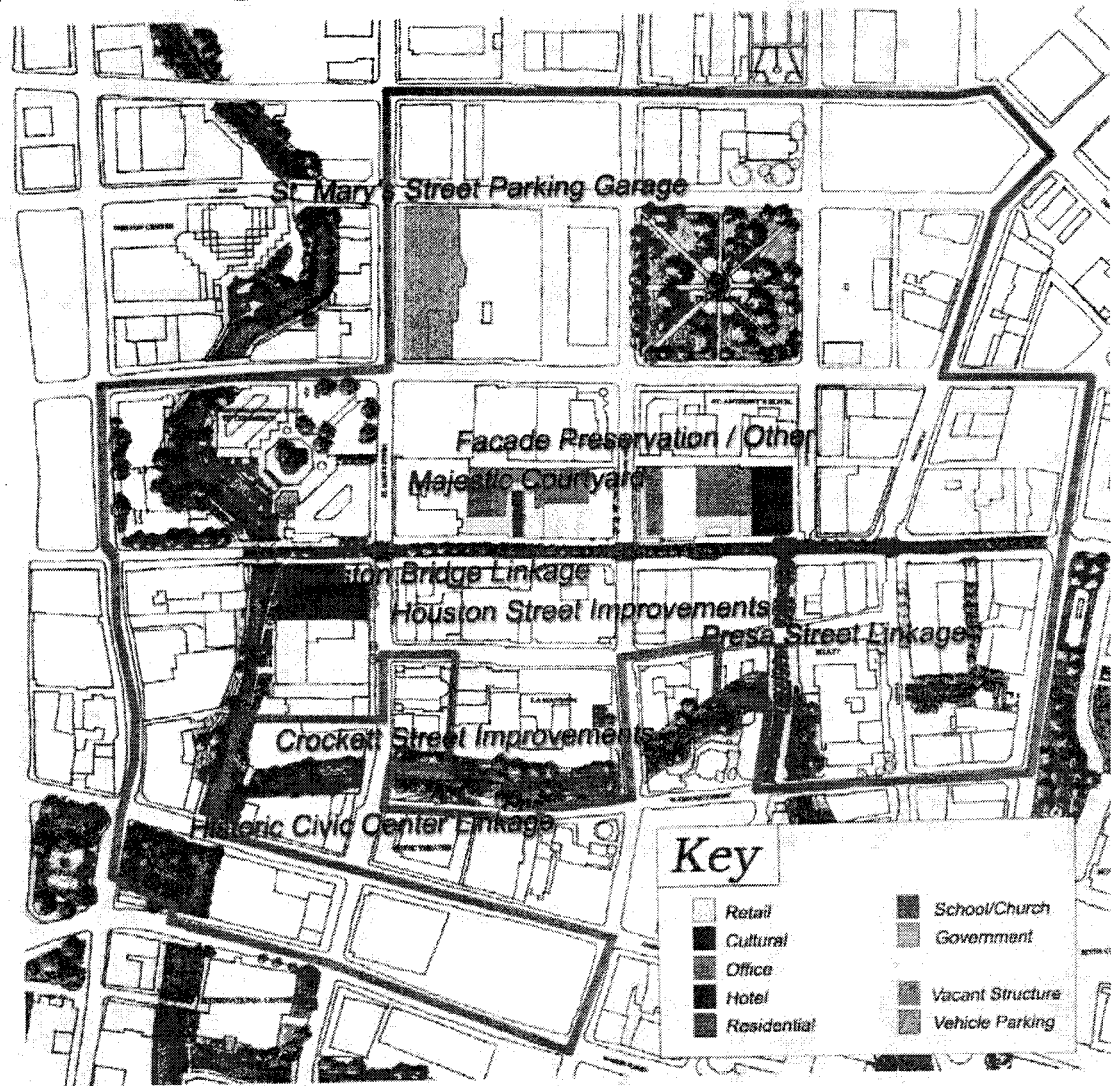
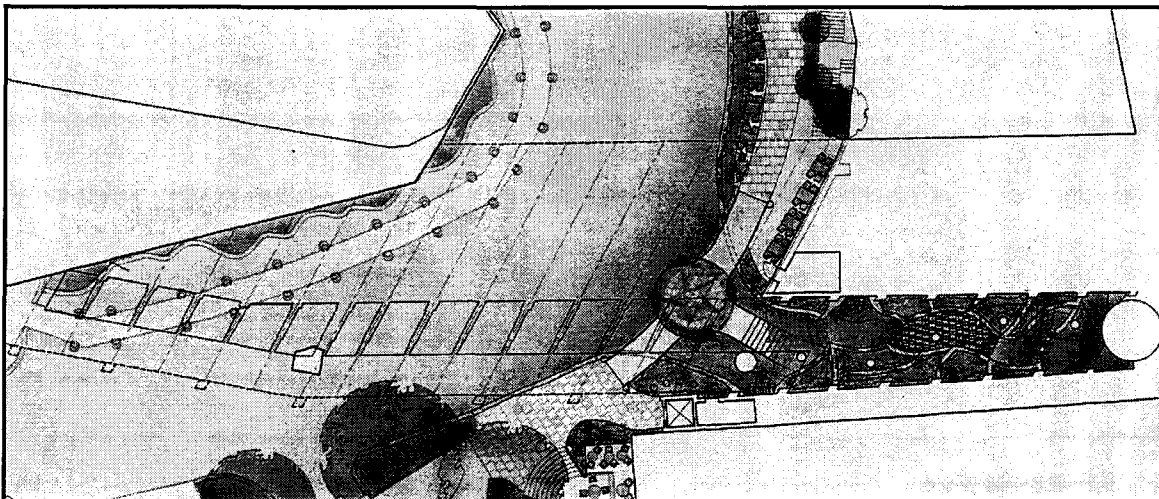
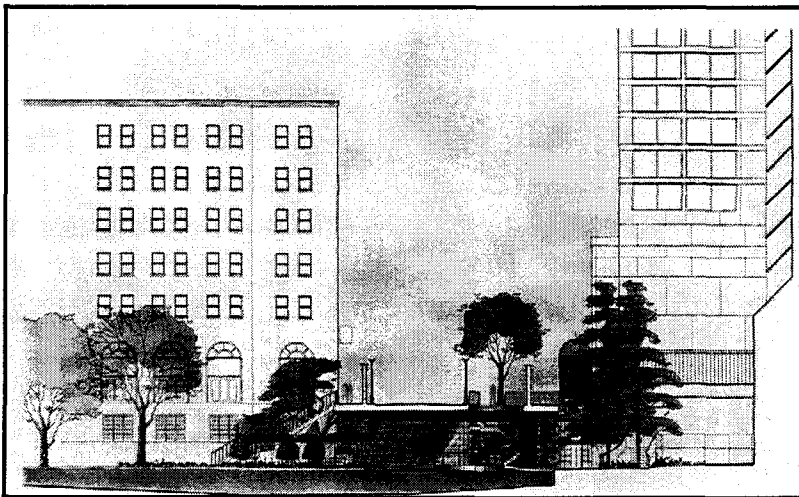


Figure 2: Proposed Uses and Improvements in TIR2

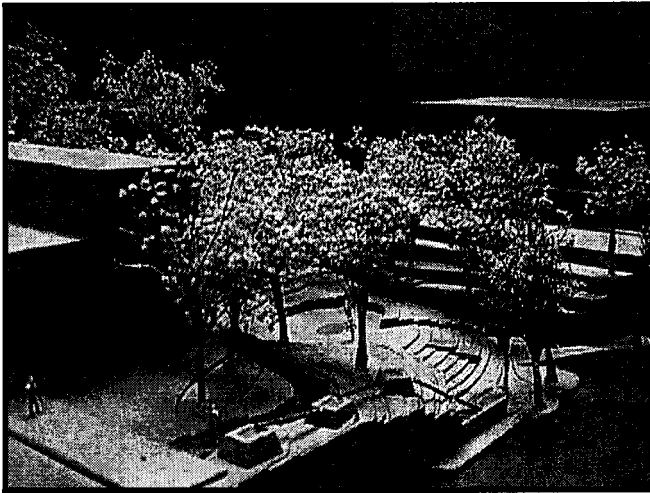


Scope of Capital Improvements

Presa Street Linkage: A connection from the River Walk to Presa Street, estimated to cost up to \$4.5 million (which may come from City debt instruments supported by the Tax Increment Fund and an Economic Development Administration grant). As completed, the northern approach to the Presa Street Bridge, which is located between Crockett and College Streets, will be excavated and, a new, larger and more open ascent will be created from river level to street level. This linkage will include a stepped footpath, an elevator to provide access between street level and the River Walk, landscaping and streetscape improvements, improved lighting, and other pedestrian enhancements. From the southern bridge approach to College Street, Presa Street will be realigned to the West within its present right-of-way to permit construction of this linkage. The associated eastern sidewalk expansion will facilitate greater pedestrian access from the River Walk and on street level. At street level, improvements will include a significant water design feature.



Historic Civic Center Linkage: A connection from the River Walk to Main Plaza, estimated to cost up to \$3.25 million (of which \$750,000 will come from City debt instruments supported by the Tax Increment Fund). As completed, the Commerce Street Parking Lot will be excavated, and a new ascent will be created from river level to street level. This linkage will include a stepped footpath, an elevator to provide access between street level and the River Walk, landscaping and streetscape improvements, improved lighting, and other pedestrian enhancements. Additionally, although not funded through tax increment financing, the connection between the River Walk and the International Center will be enhanced.



Crockett Street Improvements: In connection with privately-funded improvements to the River Walk along Crockett Street between St. Mary's and Navarro Streets, an elevator will be installed connecting river level to street level. This project is estimated to cost \$400,000, and will be financed by City debt instruments supported by the Tax Increment Fund.

Scope of Eligible Reimbursable Improvements

Potential improvements have been identified as desirable for the purpose of achieving the goals of the TIRZ. These improvement projects may be undertaken and completed by Street Retail San Antonio, by its tenant, or by the City. If undertaken, funded and completed, these improvements may be eligible for reimbursement from the Tax Increment Fund, subject to the terms of the *TIRZ Financing Plan* and the *Development Agreement*.

Houston Street Bridge Linkage: This improvement includes a pathway, stairs and an elevator linking the San Antonio River channel and Houston Street. The goals of this improvement are to integrate street and river levels, to enhance downtown pedestrian circulation, and to increase access for persons with disabilities. It is contemplated that the design for this project and its construction will be coordinated with the private-sector

hotel development planned for the southwest corner of the intersection of Houston Street and St. Mary's Street. This improvement may be reimbursed from the Tax Increment Fund or may be funded through an Urban Development Action Grant.

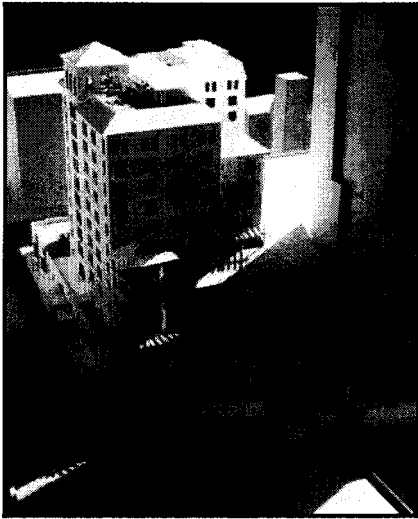
Majestic Courtyard: This improvement creates an urban courtyard park along and accessible to Houston Street between the Frost Brothers Building and Joseph's Building, on the site where the Carl Building is presently located. The Courtyard will involve acquisition of property, demolition of the Carl Building, design and construction (including renovation of the facades of adjoining buildings).

Facade Preservation/Restoration Project: The facades of Street Retail San Antonio's properties will be preserved and/or restored by the developer as part of this project. Improvements may be made to the facades of buildings including the Alfred Giles Building, the Frost Brothers Building, the Bennett Building, the Schaum Building, the Vogue Building, the Kress Building, and the Walgreens Building. Up to \$2.8 million of the funds which Street Retail expends to preserve or restore such facades are eligible for reimbursement pursuant to this plan, the *Development Agreement*, and the *TIRZ Financing Plan*.

Additional Public Improvement Projects: The City and Street Retail San Antonio may identify additional permanent improvements consistent with this plan. If approved by City and undertaken by the developer, the costs of such additional improvements, when completed, will be eligible for reimbursement from the Tax Increment Fund up to \$600,000. The design, construction and other responsibilities for such projects shall be consistent with the provisions of the *Development Agreement* and the *TIRZ Financing Plan*. These projects may include various improvements such as clean-up of Peacock Alley, supplementary facade restoration, public sidewalk/streetscape enhancements, and supplementary costs for the Majestic Courtyard.

Scope of Proposed Uses

Street Retail San Antonio proposes approximately \$100 million private investment through the adaptive reuse of the currently vacant Kress, Vogue, Harvey, Joseph's, Frost, and Stuart Buildings and the development of two hotels. In total, Street Retail proposes approximately 300,000 square feet of mixed-use space and 500 new hotel rooms. These buildings are shown in Figure 2. The redevelopment proposed by Street Retail is also anticipated to foster the development of other currently vacant structures in the area.



Section 4: Proposed Changes to Municipal Ordinances

Houston Street Design Guidelines

Winter & Company, under contract for the City, is developing a set of design guidelines for the Houston Street area. These guidelines are intended to serve as a tool to help address design issues, to promote the preservation of historic resources, to promote new development that is compatible with historic resources, to enhance the pedestrian experience along Houston Street, and to provide a climate for investment in downtown. These guidelines are intended to be adopted by the City as policy, and may be adopted as part of the City's Unified Development Code, as a designated historic district, through overlay zoning, or through other mechanisms.

Rezoning

The sites for the two hotels proposed by Street Retail San Antonio will be rezoned from "I" (height restriction of 150 feet) to "B-4" (no height restriction). The Valencia Hotel site at 150 E. Houston Street (NCB 404, Lots 2, A1, and A3) will be rezoned from "I" to "B-4." Also, the site for the other proposed hotel at 315 and 319 E. Houston Street and 111 Jefferson Street (NCB 415, Lots A3, A4, A5, and A6) will similarly be rezoned from "I" to "B-4."

Section 5: Estimated Non-project Costs

Houston Street Streetscape

These are streetscape improvements along Houston Street from Alamo Plaza to the San Antonio River, estimated to cost \$1.75 million from City funding sources including General Obligation Bonds. Street trees will be added or re-installed, with associated irrigation systems. Signifier trees are planned to be placed at specific locations to

heighten pedestrian visual interest and street identity. A small number of mid-block pull-outs may be constructed to facilitate passenger loading and unloading. Signifiers may be placed at either end of that portion of Houston Street which is embraced by the Project.

Historic Civic Center Linkage

This connection from the River Walk to Main Plaza is estimated to cost up to \$3.25 million, of which \$2.50 million will come from City General Obligation Bonds.

St. Mary's Street Parking Garage

The City is constructing a \$17.4 million, 700-space parking garage at the corner of North St. Mary's Street and Travis Street. The garage is being funded through the City's Parking System. It will include street-level retail space. Construction completion is anticipated in the summer of 2001.



Limited Waiver of Development Fees

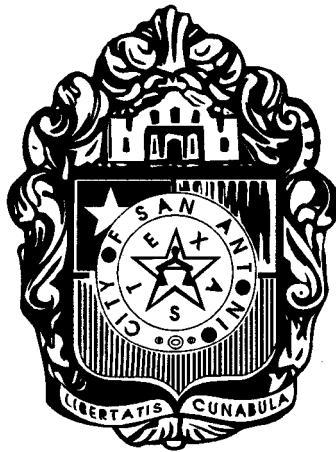
The City has agreed to conditionally waive certain fees (listed on Exhibit F of the *Development Agreement*) for development to be undertaken by Street Retail San Antonio with respect to its properties in the zone and all improvements eligible for reimbursement from the Tax Increment Fund, before January 1, 2004.

Section 6: Relocation of Persons to be Displaced

This Plan does not call for and it is not anticipated that this project will require the relocation or displacement of persons.

EXHIBIT B

CITY OF SAN ANTONIO, TEXAS
Housing and Neighborhood Services Department



Houston Street Redevelopment Project
Tax Increment Reinvestment Zone Nine
Final Finance Plan

Participation Levels of City (100%), Bexar County
(100%), University Health System (60%), and Alamo
Community College (100%)

Approved:
August 23, 2000
Amended:
September 20, 2007

Houston Street Redevelopment

Tax Increment Reinvestment Zone – Plan of Finance

Introduction

The proposed Houston Street Redevelopment project is located in the center of the downtown business district and will encompass approximately 0.9832 square miles. The proposed approximate boundaries stretch from a southernmost point of Crockett Street and extend north to Martin Street. The zone's western boundary is Soledad Street and Alamo Street to the east. The northernmost boundary extends to Martin Street. The proposed tax increment reinvestment zone ("TIRZ") will provide a source of funding for public improvements primarily along Houston Street. These public improvements are a significant part of a broader plan to revitalize and redevelop the commercial, retail and residential property along Houston Street and beyond.

The project includes the issuance of a certificate of obligation to fund approximately \$4,500,000 of improvements along Presa Street, \$750,000 for pedestrian linkage from the River Walk to the Historic Civic Center area, and \$400,000 of improvements along Crockett Street. In addition to the aforementioned public improvements, the Developer plans to fund \$4,800,000 for public improvements to include: \$1,600,000 for courtyard improvements, \$975,000 for the Houston Street bridge linkage, \$1,500,000 for facade preservation, \$600,000 for other public improvements, \$100,000 for architect and engineering fees, \$1,381,000 for eligible costs associated with the redevelopment of the Walgreens Building and other Houston St. improvements and \$750,000 for Soledad Streetscape Improvements. Revenues produced from the tax increment reinvestment zone will be utilized to pay principal and interest on the certificates of obligation and the Developer loan.

The revitalization of Houston Street is founded in the development program of Federal Realty Investment Trust, an equity real estate investment trust ("REIT") traded on the New York Stock Exchange. Houston Street development will be done through Street Retail San Antonio, LP ("Developer"), a Delaware limited partnership, organized and existing under the laws of the State of Delaware. Street Retail San Antonio, LP is a wholly-owned affiliate of a Federal Realty Investment Trust.

Public Infrastructure

The public infrastructure improvements and related capital costs include streetscaping, pedestrian/sidewalk expansions, River Walk access improvements, street improvements, construction of handicap-accessible elevators from street to River Walk, public courtyard development, and facade preservation. The total capital cost is estimated at \$12,569,627.

Plan of Finance

The creation of the proposed TIRZ would provide a base value of \$223,199,790. Future taxable value increases within the TIRZ in tax year 1999 and beyond would provide incremental revenue beginning in Fiscal Year Ending September 30, 2001. The taxable value increases captured within the TIRZ vary by Participating Governmental Entities depending on exemptions and adjustments applicable to each. The tax revenue provided by the captured value will be used to pay principal and interest on the certificates of obligation and Developer loan.

The City of San Antonio intends to issue Certificates of Obligation in one or two installments over the next year to fund the improvements and certain costs of issuance. Through a contractual arrangement, TIRZ tax collection will be remitted to the City to meet debt service requirements. In addition to the debt service cost, other costs to be paid from the TIRZ revenue include certain City of San Antonio and/or Administrator fees. Revenues derived from the TIRZ will be used to pay costs in the following order of priority: (1) the administrative fees and other eligible costs incurred by the Governmental Entities participating in the TIRZ; (2) the payment of debt service requirements of certain obligations issued for the purpose of funding public improvements; (3) to reimburse Developer for liquidated damages payments plus accrued interest on the liquidated damages amount; and (4) the payment of the Developer's loan debt service requirements.

The taxing jurisdictions and tax rate per \$100 valuation utilized in the analysis include: City of San Antonio at \$0.578540; Bexar County at \$0.314147; University Health System at \$1.146321 and the Alamo Community College District at \$0.137050. Based on these assumptions, projected annual revenues of \$206,166 in fiscal year 2001 to \$1,637,575 in fiscal year 2014 are projected. No growth in tax rates is assumed. Growth of 2.80% in taxable value is assumed.

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ fund and to submit the funds to the City of San Antonio as long as any debt obligation that funded the improvements remains outstanding. The TIRZ collections for this project shall not extend beyond September 30, 2014, and may be terminated prior to September 30, 2014, upon payment in full of its contractual obligations with the City of San Antonio, or for any other reason deemed appropriate by the City and the Participating Governmental Entities.

The contractual obligations of the TIRZ shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The contractual obligations incurred shall be payable solely from the TIRZ revenues and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

Inspection

The City, Participating Governmental Entities or Administrator shall have the right to inspect the project site or sites.

Recommendation

It is recommended that the City and Participating Governmental Entities proceed with the project, submit the plan of finance, create the mechanisms required to tax and collect TIRZ revenues and deposit such revenues into a TIRZ account. Such recommendation is conditioned on the acceptance of the plan of finance by the Participating Governmental Entities, at the approximate participation levels described in this Plan of Finance.

**Houston Street Redevelopment
Tax Increment Financing Zone**

Adjustment of Developer's Debt Service Principal Allocation
(Reference DA subsection. 6.4)

Estimated Sep 30 Presa St. fund balance:		0
Components of Numerator:		
Cost of Federal Improvements	\$	4,500,000
Cost of Issuance Allocation	\$	72,598
Capitalized Interest Allocation	\$	601,800
Numerator:	$4,500,000 + [((87,932 + 601,800) * (4.5/5.65))]$	\$ 5,037,131
Denominator:		\$ 6,415,000
Multiplier:	4.5/5.65:	0.79646

Developer Principal Allocation Factor

$$\frac{5,037,131}{6,415,000} = 0.7852114$$

Par Amount Allocated:	\$	5,035,000
Actual interest rate:		5.28%

Note:

- Actual cost of issuance as of 9/30/02 is \$72,597.63. The difference between the estimate and actual is \$15,334.37. The developer's debt service shortfall for 2003 will be adjusted by .7871152 of the \$15,334.37. The balance will be applied to CoSA debt service requirement.

Developer 2003:	$\$15,334.37 * .7871152 =$	\$	12,041
CoSA 2003:	$\$15,334.37 * .2128848 =$	\$	3,294

City of San Antonio, Texas
Houston Street Redevelopment - Tax Increment Financing Zone

Projected Tax Increment Revenue

Tax Year	(1)									
	Tax Increment Zone					City of San Antonio				
	Beginning Assessed Value	Federal Realty Improvements	Growth	Projected Assessed Value	Tax Phase-In Adjustment	Historic Adjustment	Absolute Pro-Rated Adjustment	Projected Net Taxable Value	Total Base Taxable Value	Projected Captured Taxable Value
1998	223,199,790			223,199,790					200,299,190	
1999	223,199,790	9,564,000	11,293,754	244,057,544	(20,000,000)	(4,209,000)	-	219,848,544	200,299,190	19,549,354
2000	244,057,544	642,600	(7,407,104)	237,293,040	(19,127,000)	(4,549,000)	(194,419)	213,422,621	200,299,190	13,123,431
2001	237,293,040	2,553,200	(3,087,491)	236,758,749	(19,127,000)	(4,384,050)	-	213,247,699	200,299,190	12,948,509
2002	236,758,749	18,918,737	6,964,042	262,641,528	(18,218,000)	(900,000)	-	243,523,528	200,299,190	43,224,338
2003	262,641,528	2,220,720	73,657	264,935,905	-	(1,046,800)	1,046,900	263,889,105	200,299,190	63,589,915
2004	264,935,905	-	15,440,247	280,376,152	-	(1,046,800)	(2,140,534)	341,453,142	199,987,190	80,389,062
2005	280,376,152	-	64,264,324	344,640,476	-	(1,046,800)	(1,366,340)	415,702,326	199,987,190	141,465,952
2006	344,640,476	-	73,474,990	418,115,466	-	(1,046,800)	-	429,822,699	199,987,190	215,715,136
2007	418,115,466	-	11,707,233	429,822,699	-	-	-	441,857,735	199,987,190	229,835,509
2008	429,822,699	-	12,035,036	441,857,735	-	-	-	454,229,751	199,987,190	241,870,545
2009	441,857,735	-	12,372,017	454,229,751	-	-	-	466,948,184	199,987,190	254,242,561
2010	454,229,751	-	12,718,433	466,948,184	-	-	-	480,022,733	199,987,190	266,960,994
2011	466,948,184	-	13,074,549	480,022,733	-	-	-	493,463,370	199,987,190	280,035,543
2012	480,022,733	-	13,440,637	493,463,370	-	-	-	-	199,987,190	293,476,180
2013										
2014										
2015										
2016										
2017										
2018										
2019										
2020										
2021										
2022										
2023										
2024										
2025										
2026										
2027										
2028										
	\$ 33,899,257 \$ 236,364,323					\$ 12,055,711 \$ 2,134,036				
	Existing Value Growth Factors					0.5785400				
	Base Model Growth Factor					0.000000%				
	Growth Factor Above Base					0.000000%				
	Combined Growth Rate					97.509%				

(1) Projected captured taxable value. Current year total taxable value less the base year (1999) taxable value.

Notes:

- Historic exemptions - Majestic and Brady are 10 year exemptions that end in tax year 2002. Tax exemptions is at 50%. Both are fully taxable effective tax year 2003.
- Maveric Apts are tax exempt until tax year 2008. Currently at 100% exemption, but becomes 50% taxable effective tax year 2003/FY 2004.
- The Westin Hotel Garage is excluded per interlocal agreements with the County and UHS. Bexar County and UHS participation is limited to 9/20/12 per executed interlocal agreements.
- Bexar County and UHS participation terminates upon revenue contributions of \$4,073,617 and \$2,026,871 respectively or on 9/30/2012 whichever occurs first.
- City and ACCD participation terminates upon revenue contributions of \$8,409,912 and \$1,553,333 respectively or on 9/30/2014 whichever occurs first.
- The SBC Bldg is taxable at \$7.5M only. Abatement agreements include the City, County and UHS only. The abatement expires in tax year 2004.
- Tax listing with accounts that note "exempt" in the place of a value per the county's determination that the property has no value.
- \$3,190,300 of the negative growth is attributed to decline in property value for 8 of the 10 Federal Realty project improvement properties.
- Bexar County and the Health District projected tax increments anticipates up to 3% discount to property owners that pay taxes in a timely manner.
- TIRZ fund interest rate adjustments provided by Finance.

(4)

[illegible]

Houston Street Redevelopment - TIF Reinvestment Zone

Projected Tax Increment Revenue

10-Year Debt Service Requirements -- Debt 2000

Date	Principal	Interest Rate	Interest	Semi-annual Debt Service	Annual Debt Service
12/01/00				-	-
03/15/01			97,185.11	97,185.11	
09/15/01		5.28%	168,205.00	168,205.00	265,390.11
03/15/02			168,205.00	168,205.00	
09/15/02		5.28%	168,205.00	168,205.00	336,410.00
03/15/03			169,227.70	169,227.70	
09/15/03	660,000	5.28%	169,227.70	829,227.70	998,455.40
03/15/04			151,816.90	151,816.90	
09/15/04	700,000	5.28%	151,816.90	851,816.90	1,003,633.80
03/15/05	-		133,350.90	133,350.90	
09/15/05	735,000	5.28%	133,350.90	868,350.90	1,001,701.80
03/15/06	-		113,961.60	113,961.60	
09/15/06	775,000	5.28%	113,961.60	888,961.60	1,002,923.20
03/15/07	-		93,517.10	93,517.10	
09/15/07	815,000	5.28%	93,517.10	908,517.10	1,002,034.20
03/15/08	-		72,017.40	72,017.40	
09/15/08	860,000	5.28%	72,017.40	932,017.40	1,004,034.80
03/15/09	-		49,330.60	49,330.60	
09/15/09	910,000	5.28%	49,330.60	959,330.60	1,008,661.20
03/15/10	-		25,324.80	25,324.80	
09/15/10	960,000	5.28%	25,324.80	985,324.80	1,010,649.60
03/15/11			0.00	-	
09/15/11		5.28%	0.00	-	0.00
03/15/12			0.00	-	
09/15/12		5.28%	0.00	-	0.00
03/15/13			0.00	-	
09/15/13		5.28%	0.00	-	0.00
03/15/14			0.00	-	
09/15/14		5.28%	0.00	-	0.00
03/15/15			0.00	-	
09/15/15		5.28%	0.00	-	0.00
03/15/16			0.00	-	
09/15/16		5.28%	0.00	-	0.00
03/15/17			0.00	-	
09/15/17		5.28%	0.00	-	0.00
03/15/18			0.00	-	
09/15/18		5.28%	0.00	-	0.00
03/15/19			0.00	-	
09/15/19		5.28%	0.00	-	0.00
03/15/20			0.00	-	
09/15/20		5.28%	0.00	-	0.00
03/15/21			0.00	-	
09/15/21		5.28%	0.00	-	0.00
03/15/22					
09/15/22					
03/15/23					
09/15/23					
03/15/24					
09/15/24					
03/15/25					
09/15/25					
03/15/26					
09/15/26					
03/15/27					
	<u>6,415,000</u>		<u>2,218,894</u>	<u>8,633,894</u>	<u>8,633,894</u>

Houston Street Redevelopment - TIF Reinvestment Zone

Projected Tax Increment Revenue

Principal and Interest Requirements					
Date	Principal	Interest Rate	Interest	Semi-annual Debt Service	Annual Debt Service
12/01/00	-			-	
03/15/01	-		97,185.11	97,185.11	
09/15/01	-		168,205.00	168,205.00	265,390.11
03/15/02	-		168,205.00	168,205.00	
09/15/02	-		168,205.00	168,205.00	336,410.00
03/15/03	-		168,205.00	168,205.00	
09/15/03	-		168,205.00	168,205.00	336,410.00
03/15/04	-		168,205.00	168,205.00	
09/15/04	105,000	5.00%	168,205.00	273,205.00	441,410.00
03/15/05	0		165,580.00	165,580.00	
09/15/05	245,000	5.00%	165,580.00	410,580.00	576,160.00
03/15/06	0		159,455.00	159,455.00	
09/15/06	260,000	5.00%	159,455.00	419,455.00	578,910.00
03/15/07	0		152,955.00	152,955.00	
09/15/07	275,000	5.00%	152,955.00	427,955.00	580,910.00
03/15/08	0		146,080.00	146,080.00	
09/15/08	295,000	5.00%	146,080.00	441,080.00	587,160.00
03/15/09	0		138,705.00	138,705.00	
09/15/09	310,000	5.25%	138,705.00	448,705.00	587,410.00
03/15/10	0		130,567.50	130,567.50	
09/15/10	330,000	5.25%	130,567.50	460,567.50	591,135.00
03/15/11	-		121,905.00	121,905.00	
09/15/11	345,000	5.25%	121,905.00	466,905.00	588,810.00
03/15/12	-		112,848.75	112,848.75	
09/15/12	370,000	5.25%	112,848.75	482,848.75	595,697.50
03/15/13	-		103,136.25	103,136.25	
09/15/13	400,000	5.25%	103,136.25	503,136.25	606,272.50
03/15/14	-		92,636.25	92,636.25	
09/15/14	420,000	5.25%	92,636.25	512,636.25	605,272.50
03/15/15	-		81,611.25	81,611.25	
09/15/15	440,000	5.25%	81,611.25	521,611.25	603,222.50
03/15/16	-		70,061.25	70,061.25	
09/15/16	465,000	5.25%	70,061.25	535,061.25	605,122.50
03/15/17	-		57,855.00	57,855.00	
09/15/17	490,000	5.25%	57,855.00	547,855.00	605,710.00
03/15/18	-		44,992.50	44,992.50	
09/15/18	520,000	5.30%	44,992.50	564,992.50	609,985.00
03/15/19	-		31,212.50	31,212.50	
09/15/19	550,000	5.40%	31,212.50	581,212.50	612,425.00
03/15/20	-		16,362.50	16,362.50	
09/15/20	595,000	5.50%	16,362.50	611,362.50	627,725.00
03/15/21	-		0.00	-	
09/15/21	-		0.00	-	0.00
03/15/22	-		0.00	-	
09/15/22	-		0.00	-	0.00
03/15/23	-		0.00	-	
09/15/23	-		0.00	-	0.00
03/15/24	-		0.00	-	
09/15/24	-		0.00	-	0.00
03/15/25	-		0.00	-	
09/15/25	-		0.00	-	0.00
03/15/26	-		0.00	-	
09/15/26	-		0.00	-	0.00
03/15/27	-		0.00	-	
	<u>6,415,000.00</u>		<u>4,526,547.61</u>	<u>10,941,547.61</u>	<u>10,941,547.61</u>

Federal Realty
Projected Property Improvement Value

Tax Year	Frost Brothers Building	Josephs Building	Harvey House	Vogue Building	Kress Building	East Hotel Site	Stuarts Building	Walgreen Building	Valencia Hotel	Carl Courtyard	South Texas Building	Neisner Building	Alamo Natl. Bank	Annual Total	Fiscal Year
1999														0	2,000
2000	1,063,400	611,000	1,661,600	400,000	2,066,000	1,500,900	359,700	414,000	1,409,400	78,000	0			9,564,000	2,001
2001				283,300	84,000			30,000	245,300					642,600	2,002
2002	(558,000)	(291,000)	(500,000)	(349,100)	(1,331,000)	(965,200)	(70,600)	(288,500)	6,958,500	(51,900)				2,553,200	2,003
2003	5,450,797	2,643,235	4,038,301	2,079,698			3,436,442			1,270,264				18,918,737	2,004
2004						0			2,220,720					2,220,720	2,005
2005														0	2,006
2006														0	2,007
2007														0	2,008
2008														0	2,009
	5,956,197	2,963,235	5,199,901	2,413,898	819,000	535,700	3,725,542	155,500	10,833,920	1,296,364	0			33,899,257	

Note: Bayous Restaurant projected property improvement removed from project - Federal Realty did not buy the property per Jane Macon/Albert Garza telephone conversation Oct 29, 2001.

Houston Street Redevelopment - TIF Reinvestment Zone
Reimbursement for Public Improvements

Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues	Debt Service Shortfall	Debt Service Pub. Imp. Infrastructure	Capitalized Interest	Sun Antonio Admin. Exp.	Developer Construction Funding	Developer Payment to DS Shortfall	Waigreen & Stuart Bldg.	Payment to Developer	Interest on Deficit @ 10.000000%	Interest on Waigreens @ 5.750000%	Developer Balance	TIF Fund Interest Rate	TIRZ Fund Interest Earnings	Other TIRZ Fund Public Impr.	TIF Fund Balance
2000						50,000											(50,000)
2001	206,166	206,166		265,390	265,390	0	0				0.00		(2,121,017.80)	0.00	4,017		156,166
2002	134,388	340,554		336,410	336,410	0	(1,938,198)				(192,819.80)		(3,012,048.38)	2.57%	3,822		294,571
2003	92,405	432,959		336,410		0	(144,811)	(472,397)			(273,822.58)		(3,012,048.38)	1.30%	593		54,388
2004	452,841	885,799		441,410		0	(433,538)	(258,491)			(344,558.64)		(4,453,499.62)	1.09%	1,874		66,412
2005	673,299	1,559,098		576,160		0	(1,550,959)	(107,872)			(404,863.60)		(5,068,467.78)	2.82%	7,825		165,425
2006	865,876	2,424,975		578,910		0	(1,148,825)			1,500,000	(456,137.16)		(5,749,639.56)	4.73%	23,931		460,215
2007	1,566,511	3,991,486		580,910		0			(1,381,000)	974,500	(506,846.78)	(59,555.63)	(7,765,159.14)	5.20%	75,986		1,469,748
2008	2,387,283	6,378,769		587,160		15,000					(632,460.35)	(79,407.50)	(8,477,026.99)	5.17%	172,205		3,330,857
2009	2,576,001	8,954,770		587,410		15,000					(695,706.39)	(79,407.50)	(9,171,133.38)	5.17%	283,143		5,476,653
2010	2,713,269	11,668,039		5,186,135		15,000				3,271,930	(438,084.02)	(79,407.50)	(9,960,210.86)	5.17%	-		0
2011	2,854,381	14,522,420				15,000				2,839,381	(197,954.33)	(79,407.50)	(10,158,165.19)	5.17%	0	(750,000)	0
2012	2,009,472	16,531,893				15,000				1,994,473	(18,302.50)	(79,407.50)	(1,241,343.65)	5.17%	0		0
2013	1,562,577	18,094,470				15,000				797,577							0
2014	1,637,575	19,732,045								1,312,721							309,855
2015																	
2016																	
2017																	
2018																	
2019																	
2020																	
2021																	
2022																	
2023																	
2024																	
2025																	
2026																	
2027																	
2028																	
2029																	
	\$ 19,732,045	\$	\$ 9,476,305	\$ 601,800	\$ 155,000	\$ 155,000	\$ (4,772,793)	\$ (1,272,298)	\$ (1,381,000)	\$ 12,690,581	\$ (4,736,520)	\$ (527,970)	\$	\$ 573,396	\$	\$ (750,000)	\$

(1) Developer loan amounts shown are year 2000 estimates. These amounts need to be adjusted to reflect actual amounts.
(2) Federal Realty received an Economic Development Agency grant in the amount of \$1,500,000 in January 2006, and \$974,500 in UDAG funds in March 2007.
(3) Includes Federal Realty funding of debt service shortfall as follows:

Description	Estimated	Actual	Difference
Houston St. Bridge Linkage	925,000.00	1,148,825.00	223,825.00
Courtyard	1,600,000.00	1,928,198.00	328,198.00
Facade	1,500,000.00	1,550,959.00	50,959.00
Predevelopment Cost	100,000.00	144,811.00	44,811.00
Additional Imp.	600,000.00	4,772,793.00	647,793.00
Actual Reimbursement:			
EDA		1,500,000.00	
UDAG		974,500.00	
Net Federal Funding		2,298,293.00	

Waigreen/Stuart Building Construction:

Parking	685,000.00
Demolition	239,000.00
CPS Vault	150,000.00
Asbestos Abatement	82,000.00
Site Utility Improvements	40,000.00
VIA Bus Relocation	10,000.00
Wallgreen Sign Restoration	50,000.00
Exterior Facade Preservation/Reconstruction	125,000.00
	<u>1,381,000.00</u>

Participation

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues	TIF Expenses
San Antonio	0.5785400	100%	0.5785400	61.21%	\$ 12,078,224	\$ 15,350,691
Bexar County	0.3141470	100%	0.3141470	20.64%	4,073,617	5,177,320
University Health System	0.2438690	60%	0.1463214	10.27%	2,026,871	2,576,030
Alamo CCD	0.1370500	100%	0.1370500	7.87%	1,553,333	1,974,192
TOTAL	1.2736060		1.1760584	100.00%	\$ 19,732,045	\$ 25,078,234

Houston Street Redevelopment - TIF Reinvestment Zone
Projected Tax Increment Revenue

Debt Service Shortfall

Tax Increments	Taxing Entities Admin. Exp.	Payment Date	10 Year Debt Service Amortization Schedule				TIRZ Fund Annual Collections Allocable to Developer	Debt Service Allocable to Developer	Cost of Issuance Difference To Developer	Developer Allocated TIRZ Fund Balance	Developer Debt Service Shortfall	Developer Debt Service Shortfall Payment	Developer Debt Service Shortfall Cumulative	Debt Service Payments
			Principal Due	5.28% Interest Due	Semi-annual Debt Service	Annual Debt Service								
-	50,000	09/03/00	-	-	-	-	-	-	-	-	-	-	-	-
206,166	-	03/15/01	-	97,185	97,185	-	122,623.40	-	-	-	-	-	-	-
-	-	09/15/01	-	168,205	168,205	265,390	-	-	-	-	-	-	-	-
134,388	-	03/15/02	-	168,205	168,205	-	105,522.75	-	-	-	-	-	-	-
-	-	09/15/02	-	168,205	168,205	336,410	-	-	-	-	-	-	-	-
92,405	-	03/15/03	-	169,228	169,228	-	72,557.32	132,879.51	12,040.72	179,864.67	-	-	-	168,205
-	-	09/15/03	660,000	169,228	829,228	998,455	-	651,119.02	-	-	(471,254)	472,397	1,143	168,205
452,841	-	03/15/04	-	151,817	151,817	-	355,575.75	119,208.36	-	236,367.39	-	-	-	168,205
-	-	09/15/04	700,000	151,817	851,817	1,003,634	-	668,856.32	-	-	(432,489)	433,538	1,049	273,205
673,299	-	03/15/05	-	133,351	133,351	-	528,682.08	104,708.64	-	423,973.43	-	-	-	165,580
-	-	09/15/05	735,000	133,351	868,351	1,001,702	-	681,839.00	-	-	(257,866)	258,491	625	410,580
865,876	-	03/15/06	-	113,962	113,962	-	679,895.70	89,483.94	-	590,411.75	-	-	-	159,455
-	-	09/15/06	775,000	113,962	888,962	1,002,923	-	698,022.76	-	-	(107,611)	107,872	261	419,455
1,566,511	-	03/15/07	-	93,517	93,517	-	1,230,042.55	73,430.69	-	1,156,611.86	-	-	-	152,955
-	-	09/15/07	815,000	93,517	908,517	1,002,034	-	713,377.96	-	-	443,234	-	443,234	427,955
2,387,283	-	03/15/08	-	72,017	72,017	-	1,874,521.72	56,548.88	-	1,817,972.84	-	-	-	146,080
-	-	09/15/08	860,000	72,017	932,017	1,004,035	-	731,830.66	-	-	1,086,142	-	1,086,142	441,080
2,576,001	-	03/15/09	-	49,331	49,331	-	2,022,705.19	38,734.95	-	1,983,970.24	-	-	-	138,705
-	-	09/15/09	910,000	49,331	959,331	1,008,661	-	753,277.30	-	-	1,230,693	-	1,230,693	448,705
2,713,269	-	03/15/10	-	25,325	25,325	-	2,130,489.87	19,885.32	-	2,110,604.55	-	-	-	130,568
-	-	09/15/10	960,000	25,325	985,325	1,010,650	-	773,688.24	-	-	1,336,916	-	1,336,916	460,568
2,854,381	-	03/15/11	-	-	-	-	-	-	-	-	-	-	-	121,905
-	-	09/15/11	-	-	-	-	-	-	-	-	-	-	-	466,905
2,009,472	-	03/15/12	-	-	-	-	-	-	-	-	-	-	-	4,362,849
-	-	09/15/12	-	-	-	-	-	-	-	-	-	-	-	-
1,562,577	-	03/15/13	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/13	-	-	-	-	-	-	-	-	-	-	-	-
1,637,575	-	03/15/14	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/14	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/15	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/15	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/16	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/16	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/17	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/17	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/18	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/18	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/19	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/19	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/20	-	-	-	-	-	-	-	-	-	-	-	-
19,732,045	50,000	09/15/20	6,415,000	2,218,894	8,633,894	8,633,894	9,122,616	6,306,892	12,041	8,499,777	2,827,765	-	-	-

Notes:

- Actual cost of issuance as of 9/30/02 is \$72,597.63. The difference between the estimate and actual is \$15,334.37. The Developer's debt service shortfall for 2003 will be adjusted by .7871152 of the \$15,334.37. The balance will be applied to CoSA debt service requirement.

- Houston St. TIRZ is not to be assessed routine administrative fees; however, taxing entity fees for TIRZ startup are to be set aside pending receipt of invoices. TIRZ revenues equal tax increments collected less the TIRZ start up fee.

**Houston Street Redevelopment
Tax Increment Financing Zone**

Project Construction Sources and Uses of Funds

Sources of Funds

Par Amount of Current Interest Bonds	\$6,415,000
Premium on Current Interest Bonds	834
Developer Loan	2,298,293
Grant Funds	1,500,000
UDAG	974,500
Developer Debt Service Shortfall Funding	0
Developer Wallgreen/Stuart Bldg. Funding	1,381,000
Interest on TIRZ Fund Balance	0
Total Sources of Funds	\$12,569,627

Uses of Funds

Construction & Equipment Fund Deposit	4,500,000
Houston Street Improvements	400,000
Crockett Street Improvements	750,000
Historic Civic Center	1,928,198
Majestic Courtyard	1,148,825
UDAG Houston Bridge Linkage	1,550,959
Façade Preservation	0
Architects & Engineering	144,811
Other Projects/Predevelopment Costs	72,598
* Costs of Issuance	0
Underwriter's Discount	601,800
Capitalized Interest Fund Deposit	1,381,000
Wallgreen/Stuart Bldg.	76,102
Other Public Improvement Project Costs	15,334
Bond Rounding	12,569,627

Uses of Funds

Total TIF Revenues	\$ 19,732,045
TIF Fund Interest Earnings	\$ 573,396
EDAGrant & UDAG Funds	\$ 2,474,500
Developer Reimbursable Funds	\$ 2,298,293
Total Sources of Funds	\$ 25,078,234
 Total Public Improvement Construction Cost	 \$ 12,569,627
Cost of Issuance	\$ -
Interest Cost on Certificates of Obligation*	\$ 2,458,671
Interest Cost on Developer's Loan	\$ 5,264,490
Developer Reimbursable D/S Shortfall	\$ 1,272,298
Developer Reimbursable Project Funding	\$ 2,298,293
Total Admin. Expenses	\$ 155,000
Improvements to Soledad St.	\$ 750,000
Ending TIF Fund Balance	\$ 309,855
Total Uses of Funds	\$ 25,078,234

EXHIBIT C

**THIRD AMENDMENT
TO
DEVELOPMENT AGREEMENT**

**AUTHORIZED BY CITY OF SAN ANTONIO
ORDINANCE NO. 2007-09-20-_____, PASSED
AND APPROVED BY THE
SAN ANTONIO CITY COUNCIL ON
SEPTEMBER 20, 2007**

CITY OF SAN ANTONIO

AND

STREET RETAIL SAN ANTONIO, LP

**THIRD AMENDMENT
TO
DEVELOPMENT AGREEMENT**

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, this Third Amendment to the Development Agreement ("Third Amendment") is entered into by the **CITY OF SAN ANTONIO**, a Texas Municipal Corporation ("CITY"), acting by and through its City Manager pursuant to and duly authorized by Ordinance No. 2007-09-20-_____, passed and approved on September 20, 2007, and **STREET RETAIL SAN ANTONIO, LP**, a Delaware limited partnership ("DEVELOPER") acting by and through its sole general partner, **STREET RETAIL SAN ANTONIO, INC.**, a Maryland corporation, which in turn is acting by and through its duly authorized designated officer.

- A. CITY and DEVELOPER entered into the Development Agreement ("Agreement") dated effective May 13, 2000, pursuant to City of San Antonio Ordinance No. 91539, dated March 30, 2000.
- B. CITY and DEVELOPER previously amended the Agreement on September 13, 2000 and again on October 25, 2000.
- C. CITY and DEVELOPER agree to amend specific provisions of the Agreement as set out in this Third Amendment.
 - 1. Article 1, Section 1.1.27 "Project Costs" of the Agreement is amended to delete subsection (i) and substitute the following in its place:

"(i) costs of construction, alteration, demolition, remodeling, repair, re-construction with respect to the projects set out in Sections 7.1, 7.2, 7.3, 7.3(A) and 7.4 of this Agreement costs of acquisition of the property by the Majestic embraced Courtyard Park, and..."
 - 2. Article 1, Section 1.1.36 "TIF Eligible Improvements" of the Agreement is amended to delete the clause "...improvements described in Sections 7.1, 7.2, 7.3 and 7.4..." and the following is substituted in its place:

"...Sections 7.1, 7.2, 7.3, 7.3A and 7.4...".
 - 3. The word "...three (3)..." is deleted in the first sentence of the introductory paragraph of Article 7 of the Agreement.

4. A new Section 7.3A is added to and made a part of Article 7 of the Agreement as follows:

7.3A Walgreen/Stuarts Buildings: This project involves (i) the demolition of the Walgreen Building and the Stuarts Building; (ii) the construction of a building on the sites of the Walgreen and Stuarts Buildings; and (iii) improvements to Houston Street and Navarro Street. Up to \$1,381,000.00 of funds which DEVELOPER expends for this project which are eligible Project Costs shall be reimbursed from the available Tax Increment Fund in accordance with the terms, conditions and limitations of this Article 7.

7.3A.1 Design. DEVELOPER shall undertake the design work for the project and the eligible costs of such design work will be reimbursed in accordance with Sections 7.7 and 7.8 herein below as a Project Cost.

7.3A.2 Construction. DEVELOPER acknowledges and agrees that it shall not be entitled to any reimbursement of Project Costs for the project described in this Section 7.3A unless DEVELOPER completes construction of new buildings on the sites currently occupied by the Walgreens Building and Stuarts Building.

5. The first sentence in Section 7.6.2 of the Agreement is amended to add "... (other than the project described in Section 7.3A)..." after the phrase "...for each project covered by this Article 7..."
6. The first sentence in Section 7.7 of the Agreement is amended to delete "\$4,775,000.00" and substitute "\$6,400,000.00" in its place.
7. Section 7.7.5.2 is amended to add the following sentence at the end of the section:

"Notwithstanding the foregoing, Project Costs expended by Developer for the project described in Section 7.3A of this Agreement which are reimbursable under the terms of this Agreement will bear interest from the first day of the first month following the month in which such Project Cost(s) were expended for such purpose, at a rate of 5.75% per annum, and such accrued interest will be reimbursable to Developer in the same manner, and subject to the same terms, conditions and limitations, as such Project Costs."

- D. This Amendment may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.
- E. Except as otherwise expressly modified hereby, all terms and provisions of the Agreement are ratified and confirmed and shall remain in full force and effect, enforceable in accordance with their terms.

EXECUTED _____, 2007

CITY

CITY OF SAN ANTONIO

By: _____
Sheryl L. Sculley, City Manager

DEVELOPER

STREET RETAIL SAN ANTONIO, LP,
a Delaware limited partnership

By: **STREET RETAIL SAN ANTONIO,**
INC., a Maryland Corporation,
its sole General Partner

By: _____
Name: _____
Title: _____

ATTEST:

Leticia M. Vacek
City Clerk

APPROVED AS TO FORM:

Michael D. Bernard
City Attorney

EXHIBIT D1

**FIRST AMENDMENT
TO
INTERLOCAL AGREEMENT
(Bexar County)**

**AUTHORIZED BY CITY OF SAN ANTONIO
ORDINANCE NO. 2007-09-20-_____, PASSED
AND APPROVED BY THE
SAN ANTONIO CITY COUNCIL ON
SEPTEMBER 20, 2007**

CITY OF SAN ANTONIO

BEXAR COUNTY

AND

REINVESTMENT ZONE NUMBER NINE (9), CITY OF SAN ANTONIO

**FIRST AMENDMENT
TO
INTERLOCAL AGREEMENT
(Bexar County)**

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, this First Amendment ("Amendment") to the Interlocal Agreement ("Interlocal Agreement") entered into by the **CITY OF SAN ANTONIO**, a Texas Municipal Corporation ("CITY"), acting by and through its City Manager pursuant to Ordinance No. 92409, passed and approved by the City Council on August 24, 2000; **BEXAR COUNTY**, a political subdivision of the State of Texas ("COUNTY"), acting by and through its County Judge, pursuant to authority granted to the Bexar County Commissioners Court on August 24, 2000; and **REINVESTMENT ZONE NUMBER NINE (9), CITY OF SAN ANTONIO**, a reinvestment zone created by the CITY pursuant to Chapter 311, Texas Tax Code ("Zone"), is entered into pursuant to City Ordinance No. 2007-09-20-_____, passed and approved by the City Council on September 20, 2007 and Order of the Bexar County Commissioners Court dated _____, 2007 and the Chairperson of the Board of Directors for the Zone dated September 17, 2007.

A. The CITY, the COUNTY and the ZONE agree to amend the Interlocal Agreement as follows:

1. Exhibit "C" to the Interlocal Agreement, "TIF Plan of Finance" is deleted and Exhibit "C" attached to this Amendment, "Amended TIF Plan of Finance" (adopted by the Board of Directors of the ZONE on September 17, 2007) is substituted in its place.
2. Exhibit "D" to the Interlocal Agreement, "Project Plan" is deleted and Exhibit "D" attached to this Amendment, "Amended Project Plan" (adopted by the Board of Directors of the ZONE on September 17, 2007) is substituted in its place.
3. Exhibit "E" to the Interlocal Agreement, "Development Agreement", has been amended by the "Third Amendment to Development Agreement attached to this Amendment as Exhibit "E-1."
4. The second sentence in Article II(6) of the Interlocal Agreement is deleted in its entirety and the following is substituted in its place:

"The Project Costs are estimated at at twelve million five hundred sixty-nine thousand six hundred twenty-seven dollars (\$12,569,627.00) plus \$155,000.00 in Administrative cost in the aggregate for the life of the ZONE."

5. The eleventh (11th) sentence in Article III(A) of the Interlocal Agreement is amended to add the following at the end of such sentence:

“...and one million three hundred eighty-one thousand dollars (\$1,381,000.00) for improvements to Houston Street, Navarro Street, the Walgreen Building and the Stuarts Building.”

6. The twelfth (12th) sentence in Article III(A) of the Interlocal Agreement is amended to delete “...ten million four hundred fifty thousand dollars (\$10,450,000.00)...” and substitute “...twelve million five hundred sixty-nine thousand dollars six hundred twenty-seven dollars (\$12,569,627.00) plus \$155,000.00 in Administrative Cost)...” in its place.

7. The following sentence is added at the conclusion of Article III(A) of the Interlocal Agreement:

“Further, either the CITY, or a developer approved by the CITY, may fund approximately seven hundred fifty thousand dollars (\$750,000) for public improvements to Soledad Street.”

8. The first sentence in Article IV(B)(6) of the Interlocal Agreement is amended to delete “\$8,409,912” and replace such number with “\$12,078,224.00.”

9. Article V(D)(3)(IV) of the Interlocal Agreement is amended to delete the phrase “...but only to the extent provided in the Development Agreement, Exhibit E and substitute the following in its place:

“...but only to the extent provided in the Development Agreement, Exhibit E, as amended from time to time.”

10. Except as otherwise expressly modified hereby, all terms and provisions of the Interlocal Agreement are ratified and confirmed and shall remain in full force and effect, enforceable in accordance with their terms.

Executed _____, 2007.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

CITY OF SAN ANTONIO

Sheryl L. Sculley
City Manager

ATTEST/SEAL:

Leticia M. Vacek
City Clerk

REINVESTMENT ZONE NUMBER NINE
CITY OF SAN ANTONIO, TEXAS
(Houston Street Redevelopment Project)

Mary Alice Cisneros
Chairperson, Board of Directors

ATTEST/SEAL:

Secretary, Board of Directors

APPROVED AS TO FORM:

Michael D. Bernard
City Attorney

BEXAR COUNTY

Nelson W. Wolff
County Judge

ATTEST/SEAL:

Gerard Rickhoff
County Clerk

APPROVED AS TO FINANCIAL
CONTENT:

Tommy Tompkins
County Auditor

David Smith
Budget Officer and Executive Director
of Planning and Resource Management

APPROVED AS TO FORM:

SUSAN D. REED,
Criminal District Attorney

By: _____
Assistant Criminal District
Attorney-Civil Section

EXHIBIT D2

**FIRST AMENDMENT
TO
INTERLOCAL AGREEMENT
(Health System)**

**AUTHORIZED BY CITY OF SAN ANTONIO
ORDINANCE NO. 2007-09-20-____, PASSED
AND APPROVED BY THE
SAN ANTONIO CITY COUNCIL ON
SEPTEMBER 20, 2007**

CITY OF SAN ANTONIO

**BEXAR COUNTY HOSPITAL DISTRICT
D/B/A UNIVERSITY HEALTH SYSTEM**

AND

REINVESTMENT ZONE NUMBER NINE (9), CITY OF SAN ANTONIO

**FIRST AMENDMENT
TO
INTERLOCAL AGREEMENT
(Health System)**

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, this First Amendment ("Amendment") to the Interlocal Agreement ("Interlocal Agreement") entered into by the **CITY OF SAN ANTONIO**, a Texas Municipal Corporation ("CITY"), acting by and through its City Manager pursuant to Ordinance No. 92409, passed and approved by the City Council on August 24, 2000; **BEXAR COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH SYSTEM**, a political subdivision of the State of Texas established pursuant to Article 14, Section 4 of the Texas Constitution ("HEALTH SYSTEM"), acting by and through its President/CEO, pursuant to authority granted to the Board of Managers on August 22, 2000; and **REINVESTMENT ZONE NUMBER NINE (9), CITY OF SAN ANTONIO**, a reinvestment zone created by the CITY pursuant to Chapter 311, Texas Tax Code ("Zone"), is entered into pursuant to City Ordinance No. 2007-09-20-____, passed and approved by the City Council on September 20, 2007 and _____ of the Board of Managers of the HEALTH SYSTEM dated _____, 2007 and the Chairperson of the Board of Directors for the Zone dated September 17, 2007.

A. The CITY, the HEALTH SYSTEM and the ZONE agree to amend the Interlocal Agreement as follows:

1. Exhibit "C" to the Interlocal Agreement, "TIF Plan of Finance" is deleted and Exhibit "C" attached to this Amendment, "Amended TIF Plan of Finance" (adopted by the Board of Directors of the ZONE on September 17, 2007) is substituted in its place.
2. Exhibit "D" to the Interlocal Agreement, "Project Plan" is deleted and Exhibit "D" attached to this Amendment, "Amended Project Plan" (adopted by the Board of Directors of the ZONE on September 17, 2007) is substituted in its place.
3. Exhibit "E" to the Interlocal Agreement, "Development Agreement", has been amended by the "Third Amendment to Development Agreement attached to this Amendment as Exhibit "E-1."
4. The second sentence in Article II(6) of the Interlocal Agreement is deleted in its entirety and the following is substituted in its place:

"The Project Costs are estimated at twelve million five hundred sixty-nine thousand six hundred twenty-seven dollars (\$12,569,627.00) plus \$155,000.00 in Administrative cost in the aggregate for the life of the ZONE."

5. The eleventh (11th) sentence in Article III(A) of the Interlocal Agreement is amended to add the following at the end of such sentence:

“...and one million three hundred eighty-one thousand dollars (\$1,381,000.00) for improvements to Houston Street, Navarro Street, the Walgreen Building and the Stuarts Building.”

6. The twelfth (12th) sentence in Article III(A) of the Interlocal Agreement is amended to delete “...ten million four hundred fifty thousand dollars (\$10,450,000.00)...” and substitute “...twelve million five hundred sixty-nine thousand dollars six hundred twenty-seven dollars (\$12,569,627.00) plus \$155,000.00 in Administrative Cost)...” in its place.

7. The following sentence is added at the conclusion of Article III(A) of the Interlocal Agreement:

“Further, either the CITY, or a developer approved by the CITY, may fund approximately seven hundred fifty thousand dollars (\$750,000) for public improvements to Soledad Street.”

8. The first sentence in Article IV(B)(6) of the Interlocal Agreement is amended to delete “\$8,409,912” and replace such number with “\$12,078,224.00.”

9. Article V(D)(3)(IV) of the Interlocal Agreement is amended to delete the phrase “...but only to the extent provided in the Development Agreement, Exhibit E and substitute the following in its place:

“...but only to the extent provided in the Development Agreement, Exhibit E, as amended from time to time.”

10. Except as otherwise expressly modified hereby, all terms and provisions of the Interlocal Agreement are ratified and confirmed and shall remain in full force and effect, enforceable in accordance with their terms.

Executed _____, 2007.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

CITY OF SAN ANTONIO

**BEXAR COUNTY HOSPITAL DISTRICT
d/b/a UNIVERSITY HEALTH SYSTEM**

Sheryl L. Sculley
City Manager

George B. Hernández, Jr.
President/CEO

ATTEST/SEAL:

ATTEST/SEAL:

Leticia M. Vacek
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Michael D. Bernard
City Attorney

Brigid Sheridan
Staff Attorney, University Health System

**REINVESTMENT ZONE NUMBER NINE
CITY OF SAN ANTONIO, TEXAS
(Houston Street Redevelopment Project)**

Mary Alice Cisneros
Chairperson, Board of Directors

ATTEST/SEAL:

Secretary, Board of Directors

EXHIBIT D3

**FIRST AMENDMENT
TO
INTERLOCAL AGREEMENT
(ACCD)**

**AUTHORIZED BY CITY OF SAN ANTONIO
ORDINANCE NO. 2007-09-20-_____, PASSED
AND APPROVED BY THE
SAN ANTONIO CITY COUNCIL ON
SEPTEMBER 20, 2007**

**CITY OF SAN ANTONIO
ALAMO COMMUNITY COLLEGE DISTRICT
AND
REINVESTMENT ZONE NUMBER NINE (9), CITY OF SAN ANTONIO**

**FIRST AMENDMENT
TO
INTERLOCAL AGREEMENT
(ACCD)**

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, this First Amendment ("Amendment") to the Interlocal Agreement ("Interlocal Agreement") entered into by the **CITY OF SAN ANTONIO**, a Texas Municipal Corporation ("CITY"), acting by and through its City Manager pursuant to Ordinance No. 92409, passed and approved by the City Council on August 24, 2000; **ALAMO COMMUNITY COLLEGE DISTRICT**, a community college district established under Chapter 130 of the Texas Education Code ("ACCD"), acting by and through its duly authorized Trustee pursuant to authority granted to the Board of Trustees on _____, 2007; and **REINVESTMENT ZONE NUMBER NINE (9), CITY OF SAN ANTONIO**, a reinvestment zone created by the CITY pursuant to Chapter 311, Texas Tax Code ("Zone"), is entered into pursuant to City Ordinance No. 2007-09-20-_____, passed and approved by the City Council on September 20, 2007 and _____ of the ACCD dated _____, 2007 and the Chairperson of the Board of Directors for the Zone dated September 17, 2007.

A. The CITY, the ACCD and the ZONE agree to amend the Interlocal Agreement as follows:

1. Exhibit "C" to the Interlocal Agreement, "TIF Plan of Finance" is deleted and Exhibit "C" attached to this Amendment, "Amended TIF Plan of Finance" (adopted by the Board of Directors of the ZONE on September 17, 2007) is substituted in its place.
2. Exhibit "D" to the Interlocal Agreement, "Project Plan" is deleted and Exhibit "D" attached to this Amendment, "Amended Project Plan" (adopted by the Board of Directors of the ZONE on September 17, 2007) is substituted in its place.
3. Exhibit "E" to the Interlocal Agreement, "Development Agreement", has been amended by the "Third Amendment to Development Agreement attached to this Amendment as Exhibit "E-1."
4. The second sentence in Article II(6) of the Interlocal Agreement is deleted in its entirety and the following is substituted in its place:

"The Project Costs are estimated at twelve million five hundred sixty-nine thousand six hundred twenty-seven dollars (\$12,569,627.00) plus \$155,000.00 in Administrative cost in the aggregate for the life of the ZONE."

5. The eleventh (11th) sentence in Article III(A) of the Interlocal Agreement is amended to add the following at the end of such sentence:

“...and one million three hundred eighty-one thousand dollars (\$1,381,000.00) for improvements to Houston Street, Navarro Street, the Walgreen Building and the Stuarts Building.”

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7. The following sentence is added at the conclusion of Article III(A) of the Interlocal Agreement:

“Further, either the CITY, or a developer approved by the CITY, may fund approximately seven hundred fifty thousand dollars (\$750,000) for public improvements to Soledad Street.”

8. The first sentence in Article IV(B)(6) of the Interlocal Agreement is amended to delete “\$8,409,912” and replace such number with “\$12,078,224.00.”

9. Article V(D)(3)(IV) of the Interlocal Agreement is amended to delete the phrase “...but only to the extent provided in the Development Agreement, Exhibit E and substitute the following in its place:

“...but only to the extent provided in the Development Agreement, Exhibit E, as amended from time to time.”

10. Except as otherwise expressly modified hereby, all terms and provisions of the Interlocal Agreement are ratified and confirmed and shall remain in full force and effect, enforceable in accordance with their terms.

Executed _____, 2007.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

CITY OF SAN ANTONIO

**ALAMO COMMUNITY COLLEGE
DISTRICT**

Sheryl L. Sculley
City Manager

Trustee

ATTEST/SEAL:

ATTEST/SEAL:

Leticia M. Vacek
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Michael D. Bernard
City Attorney

Legal Counsel

REINVESTMENT ZONE NUMBER NINE
CITY OF SAN ANTONIO, TEXAS
(Houston Street Redevelopment Project)

Mary Alice Cisneros
Chairperson, Board of Directors

ATTEST/SEAL:

Secretary, Board of Directors